

5.3 Intergovernmental Cooperation/Boundary Agreements

Many municipalities use boundary agreements to manage their growth in cooperation with neighbors. Boundary agreements can be used by two or more municipalities to arrange for providing services, plan for future annexation, or document a tax sharing agreement. There are two special types of Tax Incremental Districts (TIDs), the Cooperative TID that requires municipal officials to sign a boundary agreement that meets certain specifications; and effective October 1, 2012, the Multijurisdictional TID that allows two or more cities to enter into an intergovernmental cooperation agreement under sec. 66.0301, Wis. Stats., to create a multijurisdictional TID. This section explains both types of TIDs and provides information on boundary agreements. More information on boundary agreements can be found on the [Department of Administration website](#).

Cooperative TIDs

In 2005, Act 13 created section 16 of the [Tax Incremental Finance](#) (TIF) law which governs Cooperative TIDs. Currently Towns possess a unique TIF power that is specially designed for rural development. Some Towns, however, have development needs more similar to those of a City, and this new power is meant for those situations. A Cooperative TID allows a Town that signs a boundary agreement with a neighboring City or Village to use the regular City/Village TIF powers (sec. 66.1105, Wis. Stats.). This opens the door to industrial and mixed-use development, blight elimination and remediation projects.

Please note: This type of TID can only be created in a Town that shares a border with a City or Village. Without that common border there cannot be a boundary agreement signed.

Section 16 of the TIF law lays out the requirements for creating a Cooperative TID. The same rules and timelines that apply to a TID created under sec. 66.1105, Wis. Stats. apply to a Cooperative TID. Along with the other forms and resolutions, the Cooperative TID also requires that:

1. The Town must enter into a cooperative plan with a City or Village, under sec. 66.0307, Wis. Stats., by which part or all of the Town will be annexed by the City or Village in the future.
2. The City or Village that is annexing the Town must adopt a resolution approving the creation of the Cooperative TID.
3. The Cooperative TID must be solely located within territory that is to be annexed by the City or Village in the agreement.

The lifetime, expenditure period, reporting requirements and audits are all the same for Cooperative TIDs as for any other TID created in a City or Village under sec. 66.1105, Wis. Stats. See [Chapter 2](#) of this manual for more information on those procedures.

Under sec. 66.1105 (16) (c), Wis. Stats., when land in a Cooperative TID is annexed or attached by a City or Village it shall be administered by that City or Village as if it had been created by the City or Village and would adhere to the following requirements:

1. The lifespan of district and allocation of tax increments as specified under sec. 66.1105 (6), Wis. Stats.

2. The date of district termination as specified under sec. 66.1105 (7), Wis. Stats.
3. The creation date is the date the district was originally created by the Town.
4. The project plan is the one approved by the Town when the TID was created.
5. The procedures to amend the TID as specified under sec. 66.1105 (4) (h), Wis. Stats.
6. The procedures to extend the life of the TID as specified under sec. 66.1105 (7) (am), Wis. Stats.

Intergovernmental Cooperation

The matter of borders and growth can strain relations between municipalities. Neighboring municipalities many want to consider exploring the usefulness of boundary agreements.

When growth happens on the border of two or more municipalities the effects of the development can spill over into the surrounding areas. Issues concerning the cost of servicing the new growth, increased pollution or traffic, effects on the market for housing and on public schools, and other complicated matters can create problems. By partnering to address these and other issues, local leaders may be able to prevent some problems. Solutions such as collaborative services (where one municipality provides services to another at a negotiated price), tax sharing, annexation agreements, border freezes, and cooperative development can be explored.

Each solution will be unique to the issue. Municipalities that are interested in using boundary agreements may consider consulting the [Wisconsin Department of Administration](#) or the [University of Wisconsin Cooperative Extension](#).

Comprehensive Planning

The long-term growth of a community is often facilitated by the creation of a comprehensive plan. State statutes outline the necessary parts of a comprehensive plan in sec. [66.1001](#) (2), Wis. Stats., and include housing, transportation, economic development and the intergovernmental cooperation. Wisconsin's "Smart Growth" law provides the structure for providing grants to municipalities to help finance the production of a plan. Several specifications provide the basis for awarding these grants in sec. [16.965](#) (4), Wis. Stats. Growing communities should consider the need for a comprehensive plan to help direct growth.

The Department of Administration offers [a helpful resource directory](#) for the comprehensive planning grant program.

Multijurisdictional TIDs

In 2011, Act 77 created section 18 of the TIF law which governs Multijurisdictional TIDs. Currently, a TID is only allowed to be created in one municipality. Some Cities, however, have development needs that would better be accomplished if they could partner in the development. A Multijurisdictional TID allows two or more Cities that enter into an intergovernmental cooperative agreement to create a TID jointly under sec. 66.1150 (18), Wis. Stats.

Section 18 of the TIF law provides the requirements for creating a Multijurisdictional TID. The same rules and timelines for a TID created under sec. 66.1105, Wis. Stats., apply to a Multijurisdictional TID. However, the Multijurisdictional TID must also adhere to the following:

1. Two or more Cities must enter into an intergovernmental cooperation agreement under [sec. 66.0301 Wis. Stats.](#)
2. The district's borders must contain territory in all of the Cities that are party to the agreement.
3. The district must be contiguous.
4. At least one parcel in each participating City touches at least one parcel in at least one of the other Cities.

The agreement must contain the following:

1. A detailed description of how all of the participating Cities are able to meet the requirements of sec. 66.1105, Wis. Stats. and exercise the authorized powers.
2. A detailed description of how determinations will be made that relate to incurring debt, expending funds for project costs, and distributing positive tax increments allocated by the Department of Revenue (DOR).
3. The extent to which one of the Cities will be authorized by all of the other participating cities to act on behalf of all of the participating cities on some or all matters relating to the district.
4. A binding dispute resolution procedure.
5. A detailed description of the proposed membership of the joint review board.
6. A detailed description of the responsibilities of each City's planning commission, the membership and authority of the planning commission for the district, and the operating procedures to be followed by the district's planning commission.
7. A detailed description of the responsibilities of each City's clerk, treasurer, assessor, and any other officer or official to carry out the requirements of this section, and a detailed description of which clerk, treasurer, assessor, officer, or official will be responsible for each task specified in this section.
8. The lead City must be identified for purposes of completing any documents or tasks.
9. An agreement of participating cities that the district's application will be submitted in its entirety as one complete application by the lead City, as determined by DOR.
10. A statement that the entire district will terminate at one time as a single entity and that the lead City shall submit to DOR all necessary notices and reports relating to the termination of the district.
11. A detailed description of the procedures the participating cities will follow to determine:
12. Instances when the district's life may be extended must be listed.
13. An explanation of how the project plan or boundaries will be amended.
14. A description of how any annexation costs incurred will be shared.

Limitations of a multijurisdictional TID include the following:

1. The TID may not become a donor district, or receive tax increments from a donor district.
2. The TID may not incur project costs for any area that is outside of the district's boundaries.
3. The 12 percent limit findings requirement applies on an aggregate basis to all Cities that are part of a multijurisdictional district. An exception is for one or more of the participating Cities in the multijurisdictional district where the part of the district that is

in an individual City may cause that City to exceed the 12 percent limit if the governing bodies of all the taxation districts that overlay that City adopt a resolution approving the creation of the district even though that City exceeds the 12 percent limit.

The lifetime, expenditure period, reporting requirements and audits are all the same for Multijurisdictional TIDs as for any other TID created in a City or Village using sec. 66.1105, Wis. Stats. See [Chapter 2](#) of this manual for more information.